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Netherlands

Poultry and Products

Opportunities on the EU Poultry Meat Market 2007

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Report Highlights: Due to CAP reforms and high feed costs, EU poultry production is under pressure. At the same time, the European Commission is enforcing EU legislation on imports. As a consequence, sector sources anticipate higher prices for poultry meat at the EU market.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
The Hague [NL1]
[NL]

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EU Poultry Trade

EU Poultry PSD

Table I. EU-27 Poultry PSD						
1,000 MT (Carcass Weight)						
	2003	2004	2005	2006	2007f	2008f
Production	9,944	9,884	10,088	9,661	9,875	9,920
Imports	632	590	737	717	655	655
Exports	898	895	855	820	810	805
Consumption*	9,678	9,579	9,970	9,558	9,720	9,770

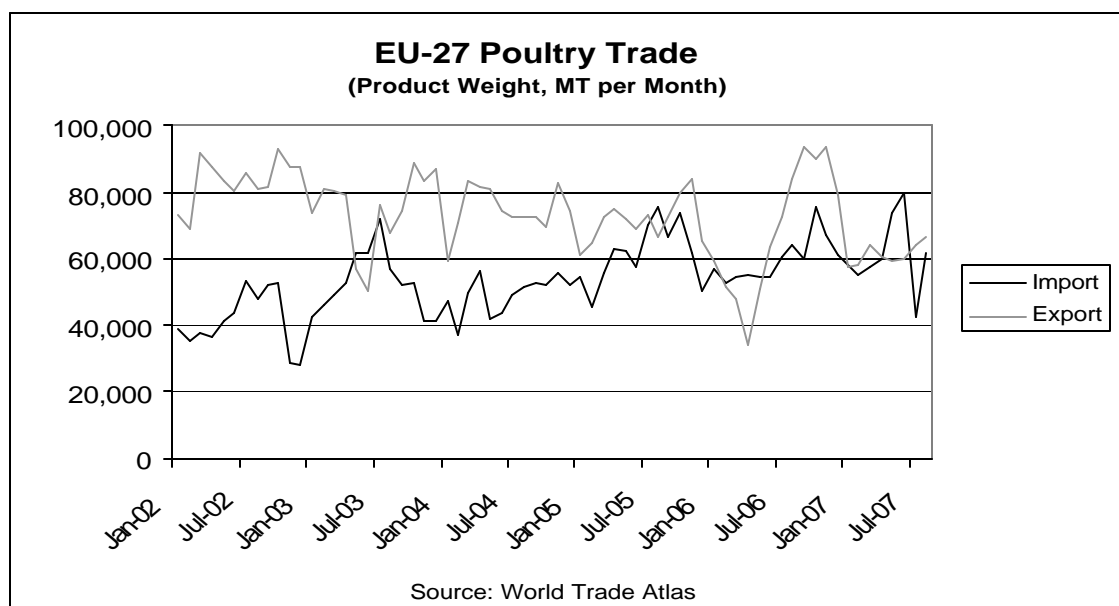
* Consumption includes commercial stock building. (f) forecast Source: USDA / FAS

Background on EU Poultry Imports

The EU is currently a net exporter of poultry meat but the gap between imports and exports is closing (see Table II and graph below). In 2003, EU imports, mainly originating from Brazil and Thailand, surged to 632,000 MT. Most of these poultry products were imported under HS code for salted poultry meat, HS 02109939, which had a lower tariff rate. In response, the European Commission (EC) imposed a higher tariff for salted poultry meat imports. This had a clear negative effect on imports in 2004. During 2006, imports suffered from the Avian Influenza (AI) outbreaks in the EU. As a consequence of the outcome of an [arbitrage procedure with the WTO](#), Brazil was able to resume poultry exports with the lower tariff as from end of June 2006. With the accession of Romania and Bulgaria to the EU an import volume of about 150,000 MT was terminated (see Table I, II and GAIN Report [E47061](#)).

Anticipated EU Poultry Imports

As from June 2007, Brazil and Thailand were able to resume poultry exports under the lower tariff rate, filling the negotiated import quota (see GAIN Reports [E36137](#) and [E36143](#)). During the second half of 2007 and the whole year of 2008, EU import quotas are expected to be filled (see Table II). An exception is the quota for salted broiler meat from Thailand, due to the AI status of country. With the implementation of the tariff quotas, traders expect EU poultry imports to stabilize (see Table II and GAIN Report [E47061](#)).



Expansion of imports outside the quota is hindered by a tariff rate of Euro 1 per kg. During 2006, however, EU domestic broiler prices rose continuously (see graph below), which could eventually lead to more imports paying the full tariff rate. The EC forecasts that EU poultry consumption will outpace production after 2013, and as a consequence the EU will become a net importer of poultry meat (see EC Report "Prospects for Agricultural Markets and Income in the EU"; [EC Report](#)). For 2008, however, traders expect limited imports against growing demand and thus higher prices and more opportunity for high value special products and/or cuts, such as from the United States.

In May 2007, the EU opened a poultry TRQ for the United States (see GAIN Report [E47039](#)). Commission Regulation 536/2007 makes a 16,665 MT U.S. country-specific poultry TRQ available, which was agreed as a compensation for the EU enlargement of 2004. This TRQ is available for chicken and turkey meat and offers duty free access for high quality cuts to EU certified exporters. The EC is, however, still imposing a ban on the use of anti-microbial treatments for sanitizing poultry carcasses, effectively halting U.S. poultry exports to the EU (see GAIN Report [E35166](#)).

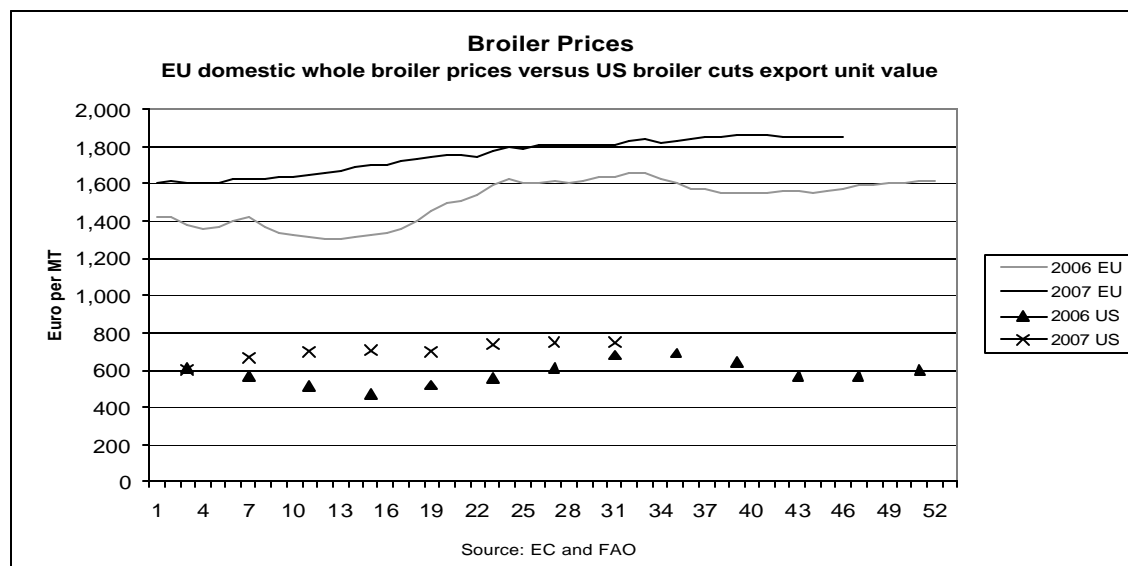
EU poultry Exports

EU poultry exports show a declining trend, which is expected to proceed (see [EC Report](#)). This expectation is based on the fact that EU exports face strong competition on the world market, while EU domestic consumption is expanding. EU producers have difficulty to compete due to the relatively high feed prices. Since August 2005, Dutch broiler feed for fattening rose continuously from Euro 229 per MT to Euro 334 per MT currently. Furthermore, the EC stopped the export refund for chicken parts in October 2006. At the moment, only refunds exist for the export of whole broilers. EU poultry exports are mostly destined to Russia, the Middle East, and African destinations, which each hold about a quarter of total EU poultry exports. On the Russian market, EU exports have a stable share of about fifteen percent of total imports, with the U.S. and Brazil as the most important competitors. About thirty percent of EU poultry exports is exported to the Middle East and Asian destinations, at equal shares.

Table II. EU-27 Poultry Imports
1,000 MT (Product Weight)

	Origin				Quota limits 07/08	Actual Imports (CY)	
						2007 ^d f	2008f
Quotas					695	316	562
Quota Salted Broiler	Brazil				171	103	171
	Thailand				93	0	0
	Other				1	1	1
Quota Prepared Broiler	Brazil				79	47	79
	Thailand				160	96	160
	Other				12	7	12
Quota Turkey^a	Brazil				92	55	92
	Thailand				0	0	0
	Other				12	7	12
Other Quotas^b	-				75	35	35
Outside Quota^c						385	180
Import EU-2		86	110	169	152	25	-
Imports (CY)		2003	2004	2005	2006	2007f	2008f
Total Fresh/Frozen		312	364	432	303	115	210
Total Salted		138	0	3	86	235	175
Total Prepared		182	231	313	326	385	355
Total EU-25		546	480	579	563	710	740
Total EU-27		632	595	748	715	735	740

Source: Based on figures of the European Commission and World Trade Atlas. (a) Predominantly prepared (b) Predominantly fresh/frozen. (c) Predominantly frozen cuts from Brazil. (d) During 2007, sixty percent is available of the quota for Brazil and Thailand. (f) Forecast. (CY) Calendar Year.



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EU-27	U.S. pork exports to the EU increasing despite EU oversupply situation	11/27/2007	E47102
EU-27	Livestock and Products – Annual	07/20/2007	E47060
EU-27	Poultry and Products – Annual	07/20/2007	E47061
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